

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-02 PA-03

PRS-01 USIA-12 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 ABF-01 FSE-00 RSR-01

/157 W

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P R 051052 Z JUL 73

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 9437

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS UNN

UNCLAS VIENNA 5602

E. O. 11652: N/A

TAGS: EFIN, AU

SUBJECT: VIENNA EXCHANGE MARKET RESUMES OFFICIAL DEALINGS

PASS TREASURY, FRB

REF: VIENNA 5541

1. AT RESUMPTION OF OFFICIAL ACTIVITY ON VIENNA MONEY MARKET
JULY 3, MIDDLE DOLLAR RATE QUOTED AT AS17.65, I. E., 4 PERCENT
DOWN FROM AS18.36 PREVIOUS RATE QUOTED JUNE 28, PRIOR CLOSURE
OF EXCHANGE. BANK BUYING/ SELLING RATES FOR DOLLAR NOTES
WERE AS17.35/17.95 COMPARED WITH AS18.05/18.65 ON JUNE 28.
MIDDLE RATE JULY 4 DECLINED TO AS17.17.

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2. OTHER IMPORTANT CURRENCIES WERE QUOTED AT THE FOLLOWING MIDDLE RATES JULY 3 (WITH COMPARABLE RATE OF JUNE 28 IN PARENTHESES, IN AUSTRIAN SCHILLINGS FOR 100 UNITS): D- MARK 733.60 (737.95); SWISS FRANC: 609.00 (606.70); FRENCH FRANC: 429.45 (441.70); ITALIAN LIRA: 3.046 (3.142); DUTCH GUILDER: 678.- (693.50). THE MIDDLE RATE FOR ONE POUND STERLING WAS AS45.54 AGAINST AS47.39 LAST THURSDAY.

3. 4.8 PERCENT REVALUATION OF AUSTRIAN CURRENCY WAS OFFICIALLY APPROVED AUSTRIAN CABINET TUESDAY. BUSINESS QUARTERS AND CONSERVATIVE POLITICAL OPPOSITION PARTIES CONTINUE TO COMPLAIN THAT REVALUATION RATE WAS TOO HIGH AND WILL JEOPARDIZE EXPORTS AND TOURISM. THEY ALSO CHARGED THAT AUTHORITIES DEVIATED FROM ADHERENCE TO INDICATOR SYSTEM HITHERTO APPLIED IN COMPUTING EXCHANGE RATES. THIS SYSTEM, WHICH IS BASED ON AUSTRIAN FOREIGN TRADE, WOULD HAVE RESULTED IN MAXIMUM REVALUATION RATE OF ONLY 3.3 PERCENT. GOVERNMENT SOURCES STRESSED THAT, ESPECIALLY BECAUSE OF PERSISTENT PRICE PRESSURES, REVALUATION NOW WAS AN ECONOMIC NECESSITY.

4. EXCHANGE DEALERS ALSO FEEL THAT AUSTRIAN REVALUATION RATE IS UNREALISTICALLY HIGH. HUMES

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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30 JUN 2005

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